

Message Text

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C O R R E C T E D C O P Y (TEXT PARA 1, 2, 6, AND 7)

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SUBJ: TOURISM ASSUMES MAJOR IMPORTANCE AS SOURCE OF
FOREIGN EXCHANGE EARNINGS

REF: CAIRO 14517

1. MAY 20, 1978, ISSUE OF MIDDLE EAST NEWS ECONOMIC
WEEKLY (CERPUB 042) CONTAINS ARTICLE POINTING UP FACT
THAT TOURISM IS NOW ONE OF EGYPT'S MOST IMPORTANT SOURCES
OF FOREIGN EXCHANGE. REVENUES IN 1977 FROM MORE THAN A
MILLION VISITORS WERE ON PAR WITH (OR EXCEEDED) IN NET
TERMS PETROLEUM EXPORTS AND SUEZ CANAL TOLL RECEIPTS, EACH
OF WHICH SURPASSED \$400 MILLION LEVEL. ALTHOUGH NOT
MENTIONED BY PUBLICATION, ONLY CAPITAL ACCOUNT EXPATRIATE
REMITTANCES (IN BOTH OWN EXCHANGE IMPORTS AND CASH)
CLEARLY REACHED A HIGHER SINGLE BOP RECEIPTS ITEM TOTAL
LAST YEAR.

2. ECONOMIC WEEKLY INFORMATION, EVEN THOUGH PRESENTED IN
SOMEWHAT GARBLED FORM, IS GENERALLY SUPPORTED BY DATA
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DEVELOPED IN CONVERSATION JUNE 6 WITH MINTOURISM OFFICIAL.
FOLLOWING INCORPORATES FIGURES ON TOURISM ADAPTED FROM
THOSE TWO SOURCES PLUS VOLUME III OF RECENT IBRD REPORT
ON EGYPT:

TABLE A TOURIST ARRIVALS AND GROSS RECEIPTS, EGYPT

YEAR	ARRIVALS (THOUSANDS)	RECEIPTS (\$ MILLIONS)
1973	534.8	210.2
1974	N.A.	229.1
1975	793.1	278.0
1976	983.5	395.3
1977	1,003.9	653.8

(NOTE: RECEIPTS IN CURRENT DOLLARS, EXCEPT FOR 1973 AND QOURN WHICH ARE IN CONSTANT 1975 TERMS. CENTRAL BANK DATA FOR 1977, ON OTHER HAND, SHOW \$619.3 MILLION IN CONVERTIBLE TOURISM AND "PREMIUM" TRANSFERS A SEE CAIRO A-54, 5/24/78.)

3. FURTHER DETAIL ON 1977 AVAILABLE FROM UNPUBLISHED MIN-TOURISM DATA INCLUDES TOTALS ON TOURIST NIGHTS SPENT IN EGYPT A6,338,910 (DOWN FROM 6,796,080 IN 1976), AND NUMBER OF U.S. TOURISTS--109,306 (89,512 IN 1976).

4. MINTOURISM INFORMATION ON FIRST FOUR MONTHS OF 1978 INDICATES THIS YEAR'S GROSS TOURIST SECTOR RECEIPTS ARE RUNNING ABOUT 20 PER CENT ABOVE SAME PERIOD 1977. JAN-APRIL 1977 TOTAL \$203.8 MILLION. NUMBER OF TOURISTS JAN-APRIL 1978 IS OVER 306,000; TOTAL FIRST FOUR MONTHS 1977 IS 285,000.
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5. AS COMPARISON, NET PETROLEUM SECTOR FX EARNINGS IN 1977 WERE SLIGHTLY MORE THAN \$400 MILLION (SEE REFTEL). CANAL TOLL REVENUES, WHICH ARE ALL NET IN SENSE THEY ACCRUE TO CENTRAL GOE COFFERS, WERE APPROXIMATELY SAME AMOUNT: \$427 MILLION IN 1977 (CAIRO A-54).

6. USING IBRD FACTOR OF .7 TO DERIVE NET COMPONENT OF GROSS TOURISM FX REVENUES (SEE VOL III OF 1978 REPORT) EGYPTIAN TOURIST SECTOR IN 1977 THEREFORE EVIDENTALLY BROUGHT IN SOME \$450 MILLION. TO BE SURE, MUCH OF RISE OVER PREVIOUS YEAR WAS DUE TO PRICE INCREASES, DATA MAY NOT BE WHOLLY RELIABLE (NOTE DIFFERENT CENTRAL BANK TOTAL) AND NET FX FACTOR USED COULD BE DISPUTED (NATIONAL PLANNING INST OFFICIALS HAVE TOLD US THEY ESTIMATE NET FX EARNINGS FROM SECTOR IN 1977 ON ORDER OF ONLY 250 MILLION. THIS INFORMATION NEVERTHELESS SUGGESTS TOURISM HAS REACHED STAGE OF ASSUMING IMPORTANCE RANKING WITH PETROLEUM AND CANAL AS SOURCE OF FX. AS SEPARATE AGGREGATE BOP ITEM, ONLY ZEXPORT" OF EGYPTIANS (WORKING ABROAD) BROUGHT IN MORE RESOURCES--AS MUCH AS \$1,500 MILLION--LAST YEAR.

7. OF ADDITIONAL SIGNIFICANCE, PROSPECTS FOR EXPANSION OF
TOURISM EARNINGS WOULD SEEM OFFHAND TO BE EQUALLY FAVOR-
ABLE WITH THOSE OF PETROLEUM EXPORTS AND CANAL RECEIPTS
LIMITED AS TOURIST SECTOR IS PRIMARILY BY LACK OF SUFFICIENT
PHYSICAL INFRASTRUCTURE TO ACCOMMODATE ADDED VISITORS BUT
WITH NUMBER OF LARGE HOTELS NOW UNDER CONSTRUCTION. AT
RISK OF SEEMING TO WAX LYRICAL, IT IS POSSIBLE TO PREDICT
THAT TOURISM, ALONG WITH PETROLEUM AND CANAL, COULD
JOIN EXPATRIATE REMITTANCES AS ANNUAL BILLION DOLLAR PLUS
SOURCES OF FX EARNINGS DURING NEXT FEW YEARS. EILTS

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